

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF ALABAMA  
NORTHERN DIVISION**

IN RE BILLY TAYLOR,

Debtor,

Bankruptcy Case Number  
20-82140-CRJ-13

BILLY TAYLOR,

Plaintiff,

v.

Adversary Proceeding No.  
20-80154-CRJ

PENTAGON FEDERAL CREDIT UNION,

Defendant.

**MOTION TO APPROVE COMPROMISE AND SETTLEMENT AND APPLICATION  
FOR APPROVAL OF ATTORNEY'S FEE**

Comes Now, Billy Taylor (the "Debtor") with Pentagon Federal Credit Union (together with the Debtor, the "Movants") and hereby move this Court pursuant to 11 U.S.C. § 105 and Rule 9019 of the Federal Rules of Bankruptcy Procedure for the entry of an Order approving the compromise and settlement described herein. In support of the Motion to Approve Compromise, Movants show unto the court as follows.

**JURISDICTION AND PROPOSED NOTICE**

1. The Motion is being brought pursuant to 11 U.S.C. § 105 and Rule 9019(a) of the Bankruptcy Rules.
2. This Court has jurisdiction over this matter pursuant to 28 U.S.C. § 1334(b). This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).
3. In accordance with Bankruptcy Rules 9019(a) and 2002, the Motion is being served on all parties-in-interest and all parties filing an appearance notice.

## **FACTUAL BACKGROUND**

4. This adversary proceeding arises from Taylor's allegations that Pentagon Federal Credit Union violated the automatic stay imposed by 11 U.S.C. § 362.
5. In this adversary proceeding, Taylor alleges that Pentagon Federal Credit Union violated the Automatic Stay by drafting money from Taylor's bank account in an attempt to collect a prepetition debt after the bankruptcy was filed.
6. Pentagon Federal Credit Union denies all wrongdoing as alleged in the Adversary Proceeding.

## **NEW PROCEDURES IMPLEMENTED BY THE DEFENDANT TO AVOID FUTURE VIOLATIONS OF THE AUTOMATIC STAY**

7. See the attached supplement provided by the Defendant.

## **TERMS OF THE PROPOSED SETTLEMENT**

8. After negotiation, and in the interest of avoiding the uncertainties associated with litigation, Plaintiff Billy Taylor and Defendant Pentagon Federal Credit Union have agreed to a compromise and settlement of the claim on the terms and conditions set forth herein.
9. The terms of the proposed settlement are as follows:
  - a. Pentagon Federal Credit Union shall pay to Taylor's counsel a total of \$10,000.00 to settle any and all claims arising from this adversary proceeding.
  - b. This amount includes all costs and fees, including but not limited to Taylor's Attorney's fee;
  - c. Pentagon Federal Credit Union shall pay to Taylor's counsel a total of \$10,000.00 to settle any and all claims arising from this adversary proceeding. Debtor's counsel requests to retain \$8,000.00 of the settlement representing 25.90 hours for the work performed in the preparation and prosecution of the adversary proceeding at an hourly rate of \$350.00. Counsel has worked diligently on this case since November 6, 2020 and will continue to do so until

the proceeding closes. Counsel has reduced his fee from \$9,065.00 to \$8,000.00. The Debtor shall retain \$1,000.00 as allowed by his exemptions and Michele Hatcher, Chapter 13 Trustee, shall retain \$1,000.00 to be applied towards the debtor's bankruptcy estate. Defendant is to disburse the funds to Larsen Law, P.C. within 30 days from the date of this order. Larsen Law, P.C. will distribute the funds as set out in this motion.

**RELIEF REQUESTED**

10. The parties jointly request that this Court approve the settlement that has been reached by Plaintiff Billy Taylor and Defendant Pentagon Federal Credit Union in which all of the issues in the claim will be resolved as to those parties. The settlement of this claim is a result of good faith, arm's length negotiations between the respective attorneys for the parties and after a thorough review of the merits of the case.
11. The settlement of the claims in this adversary proceeding meets all applicable legal standards and is well within the range of reasonableness.
12. The approval of a compromise and settlement in a bankruptcy case is within the sound discretion of the court and will not be disturbed or modified on appeal unless approval or disapproval of the settlement is an abuse of discretion. *Rivercity v. Herpel (In re Jackson Brewing Co.)*, 624 F.2d 599, 602-603 (5<sup>th</sup> Cir. 1980). To properly exercise this discretion, the bankruptcy court must consider whether the compromise proposed “falls below the lowest point in the range of reasonableness.” *Anaconda-Ericsson, Inc. v. Hessen (In re Teltronics Servs. Inc.)*, 762 F.2d 185, 189 (2d Cir. 1985) (internal citation omitted).
13. The Eleventh Circuit has held a bankruptcy court must consider and evaluate the following factors:
  - (a) the probability of success in the litigation;
  - (b) the difficulties, if any to be encountered in the matter of collection;
  - (c) the complexity of the litigation involved, and the expense, inconvenience, and delay necessarily attending the litigation; and,

- (d) the paramount interest of the creditors and a proper deference to their reasonable views in the premises. *Wallis v. Justice Oaks II Ltd. (In re Justice Oaks II Ltd.)*, 898 F.2d 1544, 1549 (11<sup>th</sup> Cir. 1990). When making an evaluation, a court must not rest its approval of the settlement on a resolution of the ultimate factual and legal issues underling the compromised disputes. *Teltronics* at 189. Rather, the court should consider the probable outcome of the litigation, including its advantages and disadvantages, and should make a pragmatic decision based on all equitable factors. *Florida Trailer and Equip. Co. v. Deal*, 284 F.2d 567, 571 (5<sup>th</sup> Cir. 1960).
14. Federal Rule of Bankruptcy Procedure 9019 provides that, after conducting a hearing on notice to creditors, the bankruptcy court may approve a compromise and settlement. To assure a compromise is proper in a given case, the court must be apprised of the necessary facts for an intelligent, objective, and educated evaluation and compare the “terms of the compromise with the likely rewards of litigation.” *Protective Comm. for Independent Stockholders of TMT Trailer Ferry, Inc. v. Anderson*, 390 U.S. 414, 424-425 (1968).
15. The settlement proposed in this motion meets the standard for approval under Federal Rule of Bankruptcy Procedure 9019 and is in the best interests of the bankruptcy estate. The settlement was reached after thorough analysis of the merits of Taylor’s claims and the defenses of Pentagon Federal Credit Union with regard to the claims asserted in the adversary proceeding.

**WHEREFORE**, the parties ask this Court to enter an order approving the settlement described in this motion.

/s/ John C. Larsen  
John C. Larsen  
Attorney for the Debtor/Plaintiff,  
Billy Taylor

OF COUNSEL:  
LARSEN LAW P.C.  
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(256) 859-3008  
[john@larsenlaw.com](mailto:john@larsenlaw.com)

**CERTIFICATE OF SERVICE**

The undersigned certifies that a copy of the foregoing has been served upon all creditors listed on the mailing matrix and all attorneys of record by electronic notice and/or by depositing a copy thereof in the United States Mail, properly addressed and postage prepaid, on this the 15<sup>th</sup> day of March, 2021.

Bryce Noel  
Brian Jordan  
Attorneys for Defendant  
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A copy was served electronically on Michele Hatcher, Chapter 13 Trustee, and Richard Blythe, Bankruptcy Administrator, on this the 15<sup>th</sup> day of March, 2021.

/s/ John C. Larsen

Label Matrix for local noticing

1126-8

Case 20-82140-CRJ13

NORTHERN DISTRICT OF ALABAMA

Decatur

Mon Mar 15 16:09:01 CDT 2021

1st Franklin Financial

P.O. Box 188

Scottsboro, AL 35768-0188

U. S. Bankruptcy Court

400 Well Street

P. O. Box 2775

Decatur, AL 35602-2775

1st Franklin Financial

24833 John T Reid Pkwy

Scottsboro, AL 35768-2343

Discover Bank

Discover Products Inc

PO Box 3025

New Albany, OH 43054-3025

Discover Financial

Attn: Bankruptcy

Po Box 3025

New Albany, OH 43054-3025

FNB Bank

1535 South Broad Street

Scottsboro, AL 35768-2608

First National Bank

402 South Broad St

Scottsboro, AL 35768-1742

(p) PENTAGON FEDERAL CREDIT UNION

ATTN BANKRUPTCY DEPARTMENT

P O BOX 1432

ALEXANDRIA VA 22313-1432

Regions Bank

Attn: Bankruptcy BH40402B

P. O. Box 10063

Birmingham, AL 35202-0063

Regions Bankcard

Attn: Bankruptcy

2050 Parkway Office Circle

Hoover, AL 35244-1805

(p) W S BADCOCK CORPORATION

POST OFFICE BOX 724

MULBERRY FL 33860-0724

Billy Taylor

711 Tupelo Pike Rd.

Scottsboro, AL 35768-3903

John C. Larsen

Larsen Law, P.C.

1733 Winchester Rd

Huntsville, AL 35811-9190

Michele T. Hatcher

Chapter 13 Trustee

P.O. Box 2388

Decatur, AL 35602-2388

The preferred mailing address (p) above has been substituted for the following entity/entities as so specified by said entity/entities in a Notice of Address filed pursuant to 11 U.S.C. 342(f) and Fed.R.Bank.P. 2002 (g)(4).

Pentagon Federal Credit Union

Attn: Bankruptcy

Po Box 1432

Alexandria, VA 22313

W.S. Badcock Corporation

Attn: Bankruptcy

Po Box 497

Mulberry, FL 33860

The following recipients may be/have been bypassed for notice due to an undeliverable (u) or duplicate (d) address.

(u) McGraw-Hill Federal Credit Union

(u) Pentagon Federal Credit Union

(d) W.S. Badcock Corporation

P.O. Box 724

Mulberry, FL 33860-0724

End of Label Matrix  
Mailable recipients 15  
Bypassed recipients 3  
Total 18